



# Michigan *Office of the Auditor General* **REPORT SUMMARY**

## *Performance Audit*

## *Use of Transportation-Related Funding*

Report Number:  
07-629-05

Released:  
February 2005

*Act 561, P.A. 2002, requires State agencies that receive transportation-related funding for providing tax and fee collection and other services for transportation funds to contract with the Michigan Department of Transportation (MDOT). These agencies are also required to annually report the amount of funding contracted for, expended from, and returned to the transportation funds. The Office of the Auditor General is required to report to the Legislature on the charges to transportation funds by State agencies.*

### **Background:**

In fiscal year 2002-03, Act 561, P.A. 2002, appropriated transportation-related funding to the following State agencies: the Departments of State, Treasury, Management and Budget, State Police, Civil Service, Attorney General, Environmental Quality, and Transportation and the Office of the Auditor General. Additional transportation-related funds were also provided to the following agencies per Section 504(4), Act 561, P.A. 2002: the Department of Information Technology; the Michigan Economic Development Corporation; the Department of History, Arts and Libraries; and the Department of Natural Resources.

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### **Audit Objective:**

To determine the adequacy of the cost allocation methodologies used to identify transportation-related costs and the appropriateness of charges to transportation funds.

### **Audit Conclusion:**

We determined that 7 of the 8 State agencies that were appropriated transportation-related funding by Section 504(3), Act 561, P.A. 2002, had adequate cost allocation methodologies to identify transportation related costs. We also determined that 12 of the 13 State agencies receiving transportation funds made appropriate charges in accordance with contracts to transportation funds. However, our audit disclosed a reportable condition regarding MDOT's review and approval of State agencies' cost allocation methodologies and the Department of Treasury's cost allocation methodology and incorrect calculation of transportation-related charges for the State Aeronautics Fund (Finding 1).

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### **Audit Objective:**

To determine whether unused transportation funds' appropriations were returned to the appropriate transportation fund.

***Audit Conclusion:***

We determined that all the State agencies had returned their unused transportation fund appropriations for fiscal year 2002-03 to the appropriate transportation fund.

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***Audit Objective:***

To determine compliance with contractual and reporting requirements for transportation-related funding as prescribed by the appropriations acts.

***Audit Conclusion:***

We determined that all 12 State agencies that were provided transportation-related

funding had executed the required contracts with MDOT for fiscal year 2002-03. However, only 10 of the 12 State agencies submitted an annual report as required by the appropriations act. Our audit disclosed a reportable condition regarding proper reporting (Finding 2).

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***Agency Response:***

MDOT and the Department of Treasury responded that they agree with the recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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